

News Release
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FOR IMMEDIATE RELEASE

Attorney General Goddard announces indictment of four in phony promissory note case

(Phoenix, AZ—August 5, 2003) Arizona Attorney General Terry Goddard today announced the indictments of four men for illegally selling promissory notes for the development of a shopping mall in Dacono, CO.

The notes, which supposedly were secured by the property, were portrayed as earning interest rates ranging from 12 to 20 percent and were to be paid within 45 to 90 days. The investment's purpose was to secure interim financing during the period in which project official sought a construction loan. The loans, however, were not secured by the property and, by the time the Dacono Mall project collapsed, investors were denied the \$22 million in principal and unpaid interest that was owed them.

The four men—Charles Ray Stedman, 67, of Green Valley; Wendell T. Decker, Jr., 63, of Tucson; Charles Testino, 47, of Tucson; and Keith Davis, 52, of Plano, TX.—have been charged with multiple counts of selling unregistered securities and one count of illegally conducting an enterprise, both of which are felonies. At the time of the sales, all four men lived in Tucson. They have also each been charged with one count of fraudulent scheme and artifice, as well as money laundering. They allegedly sold promissory notes to about 110 people, who invested more than \$5 million from 1995 to 2000. The men face up to 28 years in prison for the offenses.

The Arizona Corporation Commission's (ACC) Securities Division undertook administrative action against the four men. Decker, Davis and Testino agreed to consensual judgments on June 6, 2001, at which point they admitted to fraud in selling the securities, and agreed to pay restitution. Decker will pay restitution of more than \$5 million; Davis said he would pay more than \$1 million; and Testino agreed to recompense \$3 million.

A hearing and judgment were entered against Stedman on December 28, 2001, in which the ACC found that the four men made material misrepresentations to investors. Issues brought up included Decker's 1989 failure to disclose bankruptcy, the 1994 censure and bar of Stedman from selling securities, and the 1998 termination of Testino as a result of his selling the notes without knowledge of his employer. Stedman was ordered to pay restitution of more than \$6 million. Arraignment has been set for August 7, 2003 at 1:00 p.m. before Judge Richard Henry at the Pima County Superior Court.

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The Arizona Corporation Commission's Securities Division, along with the Arizona Attorney General's Office, conducted the investigation. John Evans was the Attorney General's Office's lead attorney on the case.

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